



PUBLIC NOTICE

Federal Communications Commission
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DA 03-3395
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DOMESTIC SECTION 214 APPLICATION FILED FOR TRANSFER OF CONTROL OF DSLNET COMMUNICATIONS, LLC AND VANTAGEPOINT VENTURE PARTNERS

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 03-214

On September 17, 2003, DSLnet Communications, LLC (DSLnet) and VantagePoint Venture Partners (VPVP, together the Applicants) filed an application, pursuant to sections 63.03 and 63.04 of the Commission's rules,¹ to request authority to the extent necessary for VPVP to relinquish indirect majority control of DSLnet as a result of a series of transactions through which Deutsche Bank AG London (Deutsche Bank) may obtain a substantial indirect minority interest in DSLnet.²

Applicants assert that this transaction is entitled to presumptive streamlined treatment pursuant to section 63.03(b)(2)(i) because, immediately following the transactions, (1) DSLnet and its affiliates combined will hold less than a ten percent share of the interstate, interexchange market; (2) DSLnet will provide competitive telephone exchange services or exchange access services, if at all, only in areas served by dominant local exchange carriers (none of which are parties to the proposed transactions) and; (3) none of the Applicants or their affiliates are dominant with respect to any service.³

DSLnet is a limited liability company organized and existing under the laws of the state of Delaware. DSLnet holds blanket domestic section 214 authority to provide interstate interexchange services. In addition, DSLnet is authorized to provide facilities-based and/or

¹ 47 C.F.R. §§ 63.03, 63.04; *see* 47 U.S.C. § 214.

² Applicants are also filing applications for transfer of control associated with authorization for international services. Any action on this domestic 214 application is without prejudice to Commission action on other related pending applications.

³ *See* Letter from Richard M. Rindler and Edward S. Quill, Jr., to Marlene H. Dortch, Secretary, FCC, WC Docket No. 03-214 (filed Oct. 21, 2003).

resold local exchange and interexchange telecommunications services in 49 states and local exchange service in the District of Columbia pursuant to certification, registration or tariff requirements, or on a deregulated basis. DSLnet is a non-dominant carrier that, among other things, provides high-speed communications services.

DSLnet is a wholly owned subsidiary of DSLnet, Inc. (Parent), a publicly held Delaware corporation. Parent is currently majority owned by VPVP, a family of affiliated private investment funds. VPVP for purposes of this application is comprised of four funds: VantagePoint Venture Partners III (Q), L.P., VantagePoint Venture Partners III, L.P., VantagePoint Communications Partners, L.P. and VantagePoint Venture Partners 1996, L.P. None of the VPVP funds directly holds any FCC authorizations. VPVP was authorized to acquire a controlling interest in DSLnet by virtue of authority granted by the Commission in File No. ITC-T/C-20011109-00600 and CC Docket No. 01-329.

Parent is in the process of completing a series of financing transactions (“Transaction”) which, if consummated, could result in relinquishment of VPVP’s majority interest in DSLnet. Specifically, in connection with an investment financing of approximately \$30 million, Parent has proposed, subject to shareholder and regulatory approvals, to issue to Deutsche Bank certain warrants through which Deutsche Bank could acquire a significant minority position in Parent. Regardless of whether the warrants are ultimately exercised, VPVP will continue to hold a large minority interest in DSLnet. However, the proposed Transaction may result in VPVP’s interest in Parent falling below 50% and in such event, the Transaction would cause VPVP to relinquish positive control of DSLnet. The proposed Transaction will not directly affect the rates, terms and conditions under which DSLnet provides service. All of the proposed Transactions are financial in nature and are being completed as part of an overall financing package of the DSLnet family of companies. Because DSLnet continues to have access to capital through its corporate Parent, the proposed Transactions are expected to allow DSLnet to become financially stronger and thereby be better positioned to operate.

The Applicants state that the proposed Transaction serves the public interest. In particular, Applicants submit that the Transaction will promote competition by reinforcing the status of DSLnet as a viable competitor and be transparent to DSLnet customers in terms of the services that they receive. In particular, the proposed Transactions are expected to provide Parent access to substantial additional capital which will allow Parent and DSLnet to ensure continuity of operation, expand the companies’ operations as market conditions warrant and further refine their operations. All of these factors are expected to allow DSLnet to compete more effectively and improve its position in the interstate and international market place.

GENERAL INFORMATION

The transfer of control identified herein has been found, upon initial review, to be acceptable for filing as a streamlined application. The Commission reserves the right to return any transfer of control application if, upon further examination, it is determined to be defective and not in conformance with the Commission’s rules and policies. Interested parties may file

comments within 14 days and reply comments within 21 days of this notice.⁴ Unless otherwise notified by the Commission, Applicants are permitted to transfer assets on the 31st day after the date of this notice.⁵ Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 Fed. Reg. 24121 (1998).

Comments filed through the ECFS can be sent as an electronic file via the Internet to <<http://www.fcc.gov/e-file/ecfs.html>>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send e-mail to ecfs@fcc.gov, and should include the following words in the subject line "get form <your e-mail address>." A sample form and directions will be sent in reply.

Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). The Commission's contractor, Natek, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class mail, Express Mail, and Priority Mail should be addressed to 445 12th Street, SW, Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

In addition, one copy of each pleading must be sent to each of the following:

- (1) the Commission's duplicating contractor, Qualex International, 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554; e-mail: qualexint@aol.com; facsimile: (202) 863-2898; phone: (202) 863-2893;

⁴ See 47 C.F.R. § 63.03(a).

⁵ Such authorization is conditioned upon receipt of any other necessary approvals from the Commission in connection with the proposed transaction.

- (2) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C437, Washington, D.C. 20554; e-mail: Tracey.Wilson-Parker@fcc.gov;
- (3) Dennis Johnson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 6-A461, Washington, D.C. 20554; e-mail: Dennis.Johnson@fcc.gov;
- (4) Julie Veach, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C124, Washington, D.C. 20554; e-mail: Julie.Veach@fcc.gov;
- (5) Cynthia Bryant, Telecommunications Division, International Bureau, 445 12th Street, S.W., Room 7-A623, Washington, D.C. 20554; email: Cynthia.Bryant@fcc.gov; and
- (6) Christopher Killion, Office of General Counsel, 445 12th Street, S.W., Room 8-C740, Washington, D.C. 20554; e-mail: Christopher.Killion@fcc.gov.

Filings and comments are also available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, SW, Room CY-A257, Washington, DC, 20554. They may also be purchased from the Commission's duplicating contractor, Qualex International, Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC, 20554, telephone 202-863-2893, facsimile 202-863-2898, or via e-mail qualexint@aol.com.

For further information, please contact Tracey Wilson, at (202) 418-1394, or Julie Veach at (202) 418-1558.

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